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GENERAL

NO. 028

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1. US favors support of Bao Dai in Indochina--The Department of State has advised the Consulate General in Saigon that no effort should be spared by the western powers and the non-Communist nations in Asia to assure the success of the Bao Dai government in Indochina, inasmuch as there appears to be no other alternative to the established Communist pattern in Vietnam. The Department adds that when France has offered all necessary concessions to make the Bao Dai solution attractive to Indochinese nationalists, the US will be prepared to recognize the Bao Dai government and will explore the possibility of supplying it with US arms and economic assistance.

2. Possible ratification of Atlantic Pact by French Assembly--French Foreign Minister Schuman has told US Ambassador Caffery that he intends to submit the Atlantic Pact to the National Assembly when it reconvenes on 17 May.

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(CIA Comment: CIA believes that after a period of discussion marked by the usual Communist delaying tactics, the French National Assembly will ratify the Atlantic Pact when it comes up for a vote. Prompt French ratification would be likely to encourage other signatories to ratify more quickly.)

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3. Iran foresees no Soviet military attack--US Embassy Tehran transmits the recently expressed opinion of the Iranian Chief of Staff that the USSR has no intention at present of attacking Iran. The Chief of Staff expressed the belief, however, that Soviet subversive tactics will continue and that it is therefore essential that Iran prepare counter action by organizing units for guerrilla action and by making needed social and economic reforms.

State Dept. declassification & release instructions on file

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(CIA Comment: CIA continues to believe, despite reports on 10 May of a Soviet border incursion, that the USSR does not contemplate military invasion of Iran at this time. CIA anticipates that the USSR will continue to incite disorders within Iran but believes that Iranian security forces will be able to cope with such disturbances in the absence of strong overt support by Soviet units.)